TARIFF ACTION MEMORANDUM

Date: August 16, 2021
File No.: TA439-32 Date Filed: June 23, 2021
Statutory End Date: August 9, 2021
Extended Deadline: August 23, 2021

Utility: Homer Electric Association, Inc.

Description: Quarterly COPA and SFPPR Update

Synopsis of Filing:
Homer Electric Association, Inc. submits its quarterly Cost of Power Adjustment and Small Facility Power Purchase Rate update for the period beginning July 1, 2021.

Tariff Recommendation:
The Commission should approve Tariff Sheet Nos. 86 and 87.1, filed June 23, 2021, by Homer Electric Association, Inc. with 439-32, as shown on the attached side-by-side tariff sheets (Appendix-1). The effective date of the tariff sheets should be July 1, 2021.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Steven Jones Title: Utility Tariff Analyst
Steven Jones

Commission decision regarding this recommendation:

	Date (if different from 8/16/2021)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		RMP		
Kurber		KKII KK		
Scott		AGS AGS		
Sullivan		DS DS		
Wilson	8/17/2021	JWW JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: August 16, 2021

From: Steven Jones, Utility Tariff Analyst

Subject: TA439-32, Homer Electric Association, Inc.
Quarterly COPA and SFPPR Update

STATEMENT OF CASE

Homer Electric Association, Inc. (HEA) submits its quarterly Cost of Power Adjustment (COPA) and Small Facility Power Purchase Rate (SFPPR) update for the period beginning July 1, 2021.

RECOMMENDATION

The Commission should approve Tariff Sheet Nos. 86 and 87.1, filed June 23, 2021, by HEA with TA439-32, as shown on the attached side-by-side tariff sheets (Appendix 1). The effective date of the tariff sheets should be July 1, 2021.

BACKGROUND

HEA is a member-owned cooperative providing electric service to customers on the Kenai Peninsula.[1] HEA is the owner and sole member of Alaska Electric & Energy Cooperative, Inc. (AEEC), and AEEC is the all-requirements provider of wholesale generation and transmission service to HEA.[2] HEA's load is met with energy generated by AEEC.[3] As

[1] HEA has 28,069 residential customers, 3,682 general service customers, 439 large general service customers, and 3 industrial customers. *See* tariff advice letter for TA439-32, filed June 23, 2021, at page 1.

[2] The Wholesale Power and Resource Agreement between AEEC and HEA expires December 31, 2050. *See* Order No. U-11-101(2), issued February 3, 2012. *See also* Order No. U-01-104(1), issued June 19, 2002, and Order No. U-01-104(2), issued December 9, 2002.

[3] AEEC currently supplies power to HEA from the Nikiski Combine Cycle Plant, the Soldotna Combustion Turbine Plant, the Bernice Lake Power Plant, and from its 12% share of the Bradley Lake hydroelectric facility. With the exception of AEEC's 12% share of Bradley Lake Hydroelectric Project power, AEEC's generation portfolio is dependent on natural gas to produce the power needed to serve its wholesale member-customers. AEEC procures natural gas supplies for generating electricity for its wholesale member-customers through a base supplier Gas Sales and Purchase Agreement (GSA) between the supplier and AEEC. The GSA between Furie Operating Alaska, LLC ("Furie") and AEEC, approved by the Commission in Letter Order L1500608, and Amendment 6 approved in Letter Order L1900386, expired on December 31, 2019. The Commission approved a new GSA between Hilcorp Alaska, LLC (Hilcorp) and AEEC in Letter Order L1900342, dated October 13, 2019. Beginning January 1, 2020, Hilcorp began supplying natural gas to AEEC. The term of this GSA is January 1, 2020, through September 22, 2024.

shown on HEA's Tariff Sheet No. 86, HEA recovers the fuel and purchased power costs of AEEC through its COPA surcharge.[4]

HEA now submits TA439-32, its quarterly COPA update for the period beginning July 1, 2021. In accordance with historic Commission practice,[5] a publication notice was not issued for TA439-32.

ANALYSIS

COPA

Proposed revisions to the COPA surcharge are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.[6] Calculation of HEA's COPA consists of three parts. The first part includes a three-month estimate of kWh sales and power costs from AEEC. HEA submitted supporting documentation for the estimated entries of July through September 2021. The second part includes a credit for billings to special contracts.[7] HEA submitted documentation for credits for the period of February through April 2021. The third part includes documentation for the actual balancing account entries for February through April 2021 and HEA's estimated balancing account balance at June 30, 2021.[8] HEA provided actual usage, generation, cost, and sales data for the period of February through April 2021, including invoices and spreadsheets supporting the balancing account entries.

Balancing Account Balance Adjustment

3 AAC 52.504(i) provides that an electric utility may request the correction or adjustment of actual entries in the COPA balancing account for a one year period. The utility must describe, quantify, and justify each proposed adjustment.

HEA proposes several adjustments to its balance account in TA439-32. HEA proposes an adjustment of $197,442 in February 2021 to reverse an adjustment made in TA436-32. In TA436-32 HEA proposed an adjustment of ($187,712) for September's Purchased Power Costs and an adjustment of ($9,730) in October's Purchased Power Costs, for an adjustment total of ($197,442). According to Exhibit 4, in TA436-32, HEA had total fuel costs of $3,013,755; however, the bill from AEEC to HEA during that period was $2,816,313. HEA proposed an adjustment of ($197,442) to reflect the difference, whereby

[4] *See* HEA Tariff Sheet No. 86, attached as Appendix 1, at page 1. HEA's base cost of power is set at $0.00 per kWh, resulting in all approved fuel and purchased power costs being recovered exclusively through the COPA surcharge. *See* Order No. U-10-097(12), issued December 9, 2011.

[5] *One* reason the Commission forgoes publication notice for COPA filings is 3 AAC 52.504(d) which states "[f]or a COPA filing under (b) of this section, an electric utility is not required to give public notice under AS 42.05.411…" This allows a utility to implement a COPA upon filing, rather than waiting the 45 days specified in AS 42.05.411 to ensure adequate notice to the public of a tariff revision.

[6] *See* 3 AAC 52.504(g), *Filing Requirements for Electric Utilities*. This support includes invoices, records, reports, calculations, contracts and any other information the Commission and Staff consider necessary to explain the proposed COPA calculation.

[7] *See* HEA Tariff Sheet No. 86, at Section G(1)(d), and HEA Tariff Sheet No. 90.

[8] *In* 1991, HEA obtained Commission approval to use an estimated balancing account balance in its COPA calculation. See TA127-32, effective May 1, 1991.

decreasing the fuel costs. However, HEA recorded in its COPA balancing account $2,816,313 total fuel costs, in addition to the ($197,442) adjustment, resulting in a doubling counting the $197,442. With TA439-32, HEA proposes an adjustment of $197,442. This adjustment in TA439-32 corrects the double counting of the ($197,442) that was reflected in TA436-32.[9] Staff verified the costs that were recorded in the balancing account and the information provided by HEA.

HEA also proposes an adjustment of $15,620 in February 2021 related to the reclassification of revenues collected from the Kenai Liquefied Natural Gas (LNG) facility in 2020. On April 15, 2020, HEA filed TA430-32, a third amended and restated contract with Tesoro Alaska Company, LLC (Tesoro). In that contract it added a delivery point for the Kenai LNG. As originally filed, the contract would have been effective January 1, 2020; however the contract was approved effective April 15, 2020.[10] During the period January 1, 2020 through April 14, 2020, HEA collected revenues based on the terms of the new Tesoro contract which had a start date of January 1, 2020. The Commission ruled that Kenai LNG was not covered by the terms of the contract from the period January 1, 2020 through April 14, 2020 and was a Schedule 6 - Industrial customer which it was prior to its inclusion in the new Tesoro contract.[11] To true up the funds owed to HEA by Kenai LNG, HEA recalculated the proper segmentation of monthly bills to reflect demand, energy and COPA amounts rather than the all-inclusive per kilowatt hour rate paid under the terms of the contract.[12]

Finally, HEA is proposing an adjustment of ($13,500) in March 2021. With TA439-32, HEA provided a copy of the 2020/2021 Gas Purchase Option between AEEC and Furie. This agreement sets out the terms and conditions for the sale and purchase of natural gas between the two parties. Per Section 6.1 of this agreement Furie agreed to pay a fee of $13,500 for the option to buy Gas from AEEC for the Term of the Agreement. HEA is proposing the adjustment to reflect this one-time amount.[13]

Staff reviewed the adjustments and believes the adjustments have been justified, quantified, and supported. Therefore, Staff recommends the Commission allow the adjustments to HEA's balancing account balance. Staff notes that the overall effect of the adjustments is an increase in HEA's balancing account, which place upward pressure on HEA's actual balancing account balance.

COPA Surcharge Decrease (Tariff Sheet No. 86)

As shown on Tariff Sheet No. 86, filed with TA439-32, HEA proposes a COPA surcharge of $0.07992/kWh, which is a decrease of $0.00106/kWh from the currently approved

[9] See TR2104343, filed August 2, 2021.

[10] See tariff filing for TA439-32, Exhibit 4. Page 3 of the Agreement.

[11] See L20000326, dated August 21, 2020.

[12] *See* Tariff filing for TA439-32, Page 76 for a comparison of TA434-32 and TA436-32, and the Net to Dollar Impact to COPA.

[13] See tariff filing for TA439-32, Exhibit 4. Pages 70 through 87.

COPA surcharge of $0.08098/kWh. Table 1 shows the effect of the proposed changes on a sample residential customer billing for 550 kWh usage.

TABLE 1

Sample Residential Customer Billing - 550 kWh Usage				
Line	Description	Current Rates	Proposed Rates	Change from Current Rate
1	COPA Surcharge ($/kWh)	0.08098	0.07992	(0.00106)
2	**550 KWH CUSTOMER BILL**			
3	Customer Charge	$ 20.00	$ 20.00	$ -
4	Energy @ 0.16077/kWh	88.42	88.42	-
5	RCC @ 0.000884/kWh	0.49	0.49	-
6	COPA Surcharge ($)	44.54	43.96	(0.58)
7	Total Customer Bill	$ 153.45	$ 152.87	$ (0.58)

Factors that may affect the calculation of HEA's COPA include the previous period's balancing account balance, generation efficiency, projected costs and sales, and variances in the credit for billings to special contracts. Changes in these factors frequently offset each other. Any factor that increases the average cost per kWh sold will put upward pressure on the COPA surcharge and any factor that decreases the average cost per kWh sold will put downward pressure on the surcharge. The proposed decrease in HEA's COPA is primarily driven by:

(1) A decrease in the actual balancing account balance. The actual balancing account balance decreased from $366,636 to ($161,763).[14] This decrease is a result of fewer costs during the quarter than revenue collected.[15] This decrease in the actual balancing account balance places downward pressure on the estimated balancing account balance.

(2) An increase in the estimated balancing account balance, from ($230,104) to $540,167.[16] This is the result of a decrease in projected sales for the third quarter.[17] This increase in the estimated balancing account balance places upward pressure on the COPA surcharge.

(3) A decrease in the estimated costs for the period. The estimated costs decreased from $8,475,331 to $7,980,239.[18] This is a result of a decrease

[14] *See* side-by-side HEA Tariff Sheet No. 86, TA439-32, attached as Appendix 1, line 1(a).

[15] See TA439-32, at Exhibit 1.

[16] *See* side-by-side HEA Tariff Sheet No. 86, TA439-32, attached as Appendix 1, line 1(a).

[17] *See* TA439-32, at Exhibit 1.

[18] *See* side-by-side HEA Tariff Sheet No. 86, Section G(1)(b) ($6,816,746 + $296,655 + $1,805+ $37,852 + $27,355 + $97,867 + $86,667 + $1,110,384 = $8,475,331) and ($6,727,458 + $292,769+ $624+ $37,852 + $27,355 + $97,867 + $86,667 + $709,647 = $7,980,239).

in estimated costs from the Alaska Energy Authority, from $1,110,384 to $709,647 and reduced fuel costs from the Hilcorp Gas Supply Agreement, from $6,816,647 to $6,727,458.[19] The decrease in estimated costs places downward pressure on the COPA surcharge.

(4) The estimated credit offset from revenues generated by economy energy sales remains at $0.[20]

(5) An increase in the estimated credit offset from billings to special contract customers for the period. The credit from billings to special contracts increased from $1,355,335 to $1,639,454.[21] The credit from billing to special contracts increases the revenues collected by HEA, which decreases the costs borne by HEA's retail customers. This increase in revenues places downward pressure on the COPA surcharge.

(6) An increase in the estimated kWh sales for the period. The estimated kWh sales increased from 85,084,215 kWh to 86,102,804 kWh.[22] This increase results in the projected costs being spread over a greater number of kWh, placing downward pressure on the COPA surcharge.

The increase in the estimated balancing account balance places upward pressure on the COPA surcharge; this is offset by the downward pressure from the decrease in the actual balancing account balance, decrease in the estimated costs for the period, increase in estimated kWh sales, and an increase in the estimated credit offset from billings to special contract customers. The overall effect is a decrease in HEA's COPA.

The revisions proposed in TA439-32 did not include a change in methodology or new cost element, and as such, HEA implemented the proposed surcharge on July 1, 2021, in accordance with 3 AAC 52.504(b).[23] Staff has reviewed all information and calculations filed in support of TA439-32, and verified that HEA provided all required information. Staff confirmed that the proposed surcharge was calculated accurately, using HEA's approved methodology,[24] and recommends that the Commission approve Tariff Sheet No. 86.

Calculation of the Value of Fuel from Storage

In order to arrive at the most accurate value for fuel removed from storage and burned by AEEC to produce electricity, HEA uses a weighted average cost of fuel, incorporating the

[19] *See* side-by-side HEA Tariff Sheet No. 86, Section G(1)(b) at Alaska Energy Authority.

[20] *Id, at* G(1)(c).

[21] *Id, at* G(1)(d).

[22] *Id, at* G(2).

[23] *See* 3 AAC 52.504, *Filing Requirements for Electric Utilities*. 3 AAC 52.504(b) states "An electric utility may implement a COPA filing that does not include a new methodology or cost element immediately upon filing with the Commission. The COPA filing is subject to subsequent review, adjustment, and approval by the Commission."

[24] HEA engages the consulting firm of R.W. Beck for the preparation of its annual budget and projections. HEA's 3-month projections are developed using a combination of the average of actual data from the previous 3 months and the budget projections. *See* HEA Tariff Sheet No. 85.1, effective January 2, 2014.

base cost of the natural gas as well as the injection and transportation costs. The quotient of the formula given below is a blended cost per Mcf that is then multiplied by the volume of fuel withdrawn in a given month. That product is then used in the balancing account to record the value of gas from storage.

Value of Gas Currently in Storage	+	(	Storage Injection Costs	+	Overrun Injection Costs	)	+	(	Base Gas Purchased Costs	+	Harvest Transport. Costs	+	KBPL Transport. Costs	)	-	Value of Gas Withdrawn			
			Volume of Gas in Storage		+				Gross Injection Volume		-		Volume of Gas Withdrawn						

Staff has reviewed all costs included in the calculation and verified that there was no double-recovery of costs collected elsewhere in the balancing account calculation.

SFPPR Decrease (Tariff Sheet No. 87.1)

As approved with TA391-32,[25] HEA calculates its SFPPR using actual data from the historical three-month period used to project costs and sales in HEA's COPA methodology, and a weighted-average methodology is used to reflect the time HEA spent under the two operating conditions during the historical period.[26] To calculate the component of the SFPPR associated with each condition, the quotient of the variable expenses and the kWh generated or purchased associated with each condition is multiplied by the percent of hours operating under each condition relative to the total number of hours in the period. The results of these calculations for each period are then summed and divided by the quotient of the kWh sold to the kWh generated or purchased during the historical period, to arrive at the SFPPR.

Additionally, with TA391-32, the Commission approved HEA's request for a waiver of the 45-day statutory notice period for future SFPPR filings. This waiver was granted provided the SFPPR revisions were filed with HEA's regular COPA filings and contained no change to the approved SFPPR methodology.[27]

HEA proposes an SFPPR of $0.08366/kWh, which is a decrease from the currently approved SFPPR of $0.08645/kWh.[28] Staff confirmed that the proposed SFPPR was calculated accurately, using HEA's approved methodology, and that the tariff sheet is correct. Therefore, Staff recommends that the Commission approve Tariff Sheet No. 87.1.

[25] *See* Letter Order No. L1600264, approving TA391-32, issued May 27, 2016.

[26] The factors used to calculate HEA's SFPPR vary depending on whether HEA is operating in normal or islanded (disconnected from the Railbelt intertie) conditions. Under normal conditions, HEA's avoided costs will be derived from the fuel and variable expenses associated with AEEC's thermal generation or the cost of purchased power from other interconnected electric utilities. Under islanded conditions, HEA's avoided costs are derived from the cost of Bradley Lake hydroelectric power.

[27] *See* Letter Order No. L1600264, approving TA391-32, issued May 27, 2016.

[28] HEA's SFPPR applies to QFs with nameplate capacity of 100 kW or less. *See* side-by-side Tariff Sheet No. 87.1, attached as Appendix 1.

CONCLUSION

HEA requests approval of its revised COPA surcharge and SFPPR for the period beginning July 1, 2021. Staff has verified the proposed surcharge and rate were calculated accurately using HEA's approved methodologies, the proper support was filed, and the tariff sheets are correct. Therefore, Staff recommends the Commission approve Tariff Sheet Nos. 86 and 87.1, filed June 23, 2021, by HEA with TA439-32. The effective date of the tariff sheets should be July 1, 2021.

Signature: Keith Kurber II
Keith Kurber II (Aug 16, 2021 12:57 AKDT)

Email: keith.kurber@alaska.gov

Signature:

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Signature: Janis W. Wilson
Janis W. Wilson (Aug 17, 2021 09:42 AKDT)

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RCA No. 32 One Hundred Twenty Ninth Sheet No. 86
Canceling: One Hundred Twenty Eighth Sheet No. 86

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STATE OF ALASKA
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HOMER ELECTRIC ASSOCIATION, INC.

G. Determination of Cost of Power Adjustment (COPA)

1. Estimated Costs to be recovered through COPA

(a) COPA Balancing Account

Estimated Balance at 3/31/21		(230,104)	(I)
Actual Balance at 1/31/21	366,636		(R)

(b) Estimated Costs from AEEC 4/1/2021 - 6/30/2021

Source	Estimated Quantities (a)		Effective Rate (b)	Cost (a*b)	
Fuel From Hilcorp Gas Supply Agreement (1/2020-3/2024)	901,686	Mcf	7.56000	6,816,746	(R)
Fuel From Furie Gas Supply Agreement	0	Mcf	7.04000	0	
Estimated Fuel Transportation Cost	0	Mcf	0.23780	0	
KBPL Transportation Cost	901,686	Mcf	0.32900	296,655	(R)
Enstar Transportation	11,246	Mcf	0.16050	1,805	(R)
Enstar Transportation		Mcf	0.00000	0	
Enstar Transportation		Mcf	0.00000	0	
Enstar Fixed Service				37,852	(I)
Transportation Cost From Storage	0	Mcf	0.32900	0	
Fuel Withdrawn from Storage	0	Mcf	7.39000	0	
Capacity Storage Fee				27,355	
Reservation Storage Fee				97,867	
Fuel for Seldovia & Pt Graham Generation	0	Gal	0	0	
Total Fuel Credit & Steam Rights from AEEC				86,667	
Alaska Energy Authority				1,110,384	
Purchased Power from Other Sources				0	
Spot Purchase of Natural Gas				0	

(c) Revenues from Economy Energy Sales		0	
(d) Credit for billings to Special Contracts** (Total bills less contributions to fixed costs)		(1,355,335)	(R)
(e) Total [(a) + (b) + '(c) + (d)]		6,889,893	(R)
2. Estimated Sales to Non-Contract Customers		85,084,215	(R)
3. COPA billed to Non-Contract Customers	(1)/(2)	0.08098	(R)

**SPECIAL CONTRACTS WITH TESORO

Tariff Advice No. 436-32 Effective April 1, 2021

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke Title: General Manager

RCA No. 32 One Hundred Thirtieth Sheet No. 86
Canceling: One Hundred Twenty Ninth Sheet No. 86

TARIFF SECTION
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HOMER ELECTRIC ASSOCIATION, INC.

G. Determination of Cost of Power Adjustment (COPA)

1. Estimated Costs to be recovered through COPA

(a) COPA Balancing Account

Estimated Balance at 6/30/21		540,167	(R) I
Actual Balance at 4/30/21	(161,763)		(R)

(b) Estimated Costs from AEEC 7/1/2021 - 9/30/2021

Source	Estimated Quantities (a)		Effective Rate (b)	Cost (a*b)	
Fuel From Hilcorp Gas Supply Agreement (1/2020-3/2024)	889,875	Mcf	7.56000	6,727,458	(R)
Fuel From Furie Gas Supply Agreement	0	Mcf	7.04000	0	
Estimated Fuel Transportation Cost	0	Mcf	0.23780	0	
KBPL Transportation Cost	889,875	Mcf	0.32900	292,769	(R)
Enstar Transportation	3,889	Mcf	0.16050	624	(R)
Enstar Transportation		Mcf	0.00000	0	
Enstar Transportation		Mcf	0.00000	0	
Enstar Fixed Service				37,852	
Transportation Cost From Storage	0	Mcf	0.32900	0	
Fuel Withdrawn from Storage	0	Mcf	7.39000	0	
Capacity Storage Fee				27,355	
Reservation Storage Fee				97,867	
Fuel for Seldovia & Pt Graham Generation	0	Gal	0	0	
Total Fuel Credit & Steam Rights from AEEC				86,667	
Alaska Energy Authority				709,647	(R)
Purchased Power from Other Sources				0	
Spot Purchase of Natural Gas				0	

(c) Revenues from Economy Energy Sales		0	
(d) Credit for billings to Special Contracts** (Total bills less contributions to fixed costs)		(1,639,454)	(I)
(e) Total [(a) + (b) + '(c) + (d)]		6,880,953	(R)
2. Estimated Sales to Non-Contract Customers		86,102,804	(I)
3. COPA billed to Non-Contract Customers	(1)/(2)	0.07992	(R)

**SPECIAL CONTRACTS WITH TESORO

Tariff Advice No. 439-32 Effective July 1, 2021

Issued By: HOMER ELECTRIC ASSOCIATION, INC.
Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke Title: General Manager

RCA No. 32 Twenty Fifth Revision **Sheet No.** 87.1

Canceling: Twenty Fourth Revision **Sheet No.** 87.1

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

HOMER ELECTRIC ASSOCIATION, INC.

SCHEDULE NUMBER 9
SMALL FACILITY POWER PURCHASE RATE (SFPPR)
(continued)

SFPPR CALCULATION

Normal Operating Conditions					
A.	Fuel and expense associated with power purchased from AEEC:	$ 8,653,261			(I)
B.	Purchased power expense from Inter-Utility Purchases:	$ 3,335			(R)
C.	Total of all kWh generated by AEEC & Inter-Utility Purchases:	122,687,470	kWh		(I)
D.	Variable expense associated with AEEC:	0.0052	$/kWh		(R)
E.	% of time in Normal Operating Condition during reporting period:	100.0%			
F.	Normal Condition portion of SFPPR = (((A + B) / C) + D) x E:	0.0757	$/kWh		(R)
Islanded Operation Conditions					
G.	5-Year Average Bradley Lake Cost of Power:	0.04977	$/kWh		
H.	% of time in Islanded Operating Conditions during reporting period:	0.0%			
I.	Islanded Condition portion of SFPPR = (G x H):	-	$/kWh		
Consolidated SFPPR					
J.	Total power purchased and generated:	136,298,739	kWh		(I)
K.	Total power sold:	119,374,053	kWh		(I)
L.	SFPPR = (F + I) / (K / J):	8.645	¢/kWh		(R)

DEFINITIONS

1. Fuel and expense: Fuel, fuel withdrawn from storage, and relevant variable transportation costs related to AEEC
2. Variable Expense: Allocation of operation and maintenance expenses that vary based upon the amount of power produced by AEEC.
3. Normal Condition: The typical operating status of the Association in which AEEC or Inter-Utility purhcases are used to follow customer load.
4. Islanded Condition: An atypical operating status in which the Association is not interconnected with other
5. 5-Year Average Bradley Lake Cost of Power: The 5-year average is used to stabilize the SFPPR, as HEA pays a fixed cost for Bradley expenses each month, while the quantity of power delivered varies.

Tariff Advice No: TA436-32 **Effective:** April 1, 2021

Issued By: **HOMER ELECTRIC ASSOCIATION, INC.**
3977 Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke **Title:** General Manager

RCA No. 32 Twenty Sixth Revision **Sheet No.** 87.1

Canceling: Twenty Fifth Revision **Sheet No.** 87.1

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HOMER ELECTRIC ASSOCIATION, INC.

SCHEDULE NUMBER 9
SMALL FACILITY POWER PURCHASE RATE (SFPPR)
(continued)

SFPPR CALCULATION

Normal Operating Conditions					
A.	Fuel and expense associated with power purchased from AEEC:	$ 8,094,775			(R)
B.	Purchased power expense from Inter-Utility Purchases:	$ -			(R)
C.	Total of all kWh generated by AEEC & Inter-Utility Purchases:	111,117,984	kWh		(R)
D.	Variable expense associated with AEEC:	0.0057	$/kWh		(I)
E.	% of time in Normal Operating Condition during reporting period:	100.0%			
F.	Normal Condition portion of SFPPR = (((A + B) / C) + D) x E:	0.0785	$/kWh		(I)
Islanded Operation Conditions					
G.	5-Year Average Bradley Lake Cost of Power:	0.04977	$/kWh		
H.	% of time in Islanded Operating Conditions during reporting period:	0.0%			
I.	Islanded Condition portion of SFPPR = (G x H):	0.0000	$/kWh		
Consolidated SFPPR					
J.	Total power purchased and generated:	126,839,025	kWh		(R)
K.	Total power sold:	118,997,487	kWh		(R)
L.	SFPPR = (F + I) / (K / J):	8.366	¢/kWh		(R)

DEFINITIONS

1. Fuel and expense: Fuel, fuel withdrawn from storage, and relevant variable transportation costs related to AEEC
2. Variable Expense: Allocation of operation and maintenance expenses that vary based upon the amount of power produced by AEEC.
3. Normal Condition: The typical operating status of the Association in which AEEC or Inter-Utility purhcases are used to follow customer load.
4. Islanded Condition: An atypical operating status in which the Association is not interconnected with other
5. 5-Year Average Bradley Lake Cost of Power: The 5-year average is used to stabilize the SFPPR, as HEA pays a fixed cost for Bradley expenses each month, while the quantity of power delivered varies.

Tariff Advice No: TA439-32 **Effective:** July 1, 2021

Issued By: **HOMER ELECTRIC ASSOCIATION, INC.**
3977 Lake Street, Homer, Alaska 99603

By: Bradley P. Janorschke **Title:** General Manager